Mondragon: The self-deception of the International cooperative movement

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The following arguments are not so much a criticism of the Mondragon Cooperative Corporation (*MCC*), but a self-criticism of our cooperative movement. There are two completely different Mondragons:

- *the real MCC*: a group of enterprises with specific experiences and an extremely interesting history and development — all of which should be studied very seriously — and
- *the Mondragon-model*, an ideal construction of the international cooperative and self-management community, which has hardly any connection to reality.

Self-management suffers from the lack of practical examples throughout the developed world, as well as from the hostility of capitalist market ideology. Looking for a successful example, the cooperative movement found the Mondragon co-ops, a growing complex of industrial cooperatives that, surviving the capitalist crisis, has remained in competitive markets. So the movement found its model — the community of their bible, and their messiah — Jose Maria Arizmendiarrieta. A myth was born.

Over the last 20 years, a great many apologies have been written: Thomas/Logan, White and White, and the papers of Robert Oakeshott are among the best known of these. Aside from some critical details, all of them set out to construct a beautiful success story about an "oasis of industrial democracy" and the "largest movement of producer cooperatives in the world." Whenever a market liberal criticized self-management, we had our *Mondragon*. Even the model' s Basque nationalism as one supporting factor was excused, despite the dangerous elements it shares with all nationalistic movements.

I never shared this idealistic construction. Even before starting to study *MCC* in 1986, I supposed that a democratic island in the sea of capitalism has very limited possibilities. My interest in self-management arose from a critical analysis of capitalism,

but I never forgot the strength and determining force of the global market. The aim of self-management, in the strongest sense of "auto-determination", can be achieved only through a radical critical movement at all levels, including theory and practice, and not by creating successful models in an idealistic sense. While there are, on my view, some possibilities for creating such a radical movement, Mondragon — *the real Mondragon* — has not attempted to use or to develop them; rather, it has systematically diminished them. What makes me think like this?

1. *MCC* has never supported the international cooperative movement, but is expanding into international markets with joint ventures with and investments in other capitalistic private corporations (e.g., transnationals such as Thomson or Alcatel), without any social criteria. *MCC* has opened plants in Morocco, Mexico, and China, not as cooperatives, but only to exploit the cheap labor in these countries, and without providing democratic rights to the employees.
2. *MCC* has never introduced cooperative issues or topics into its education system. Its "industrial democracy" is as formal and non-participatory as any of our political democracies. Its leading managers established a multi-level delegation system which prevents real influence by the rank and file, even in their own workplaces. Mondragon's workplace culture is the same as that in any other private firm, with some social advantages like a no-layoff policy, and some disadvantages, such as the absence of unions.
3. *MCC* has never used ecological, social, or feminist criteria in its development, but has subordinated everything to economic productivity and profit margins. They have showed no interest in working for a better society, but instead have cooperated closely with conservative nationalist government (the Basque Nationalist Party). While it has a big subsidized research center, this has done nothing to foster human development, but concentrated all its resources on individual consumer goods such as car components and appliances, and a Tayloristic productive technology.
4. *MCC* sees the cooperative framework not as a priority, but as an obstacle to market success and in particular to the building of capital stock, an obstacle which must be set aside. All of the recent reforms of their legal framework point in this anti-cooperative direction, such as the increased permission to hire temporary wage earners and to sell stock to external shareholders.

I will stop here, though there are many other critical points to add. I've said enough to indicate that we need to take an attitude of critical analysis, rather than of naive apologism or celebration. Self-criticism, after all, is one of the best left and

self-management traditions, in opposition as well to the "one best world" idealistic apologists for capitalism. My criticisms of Mondragon, no doubt, need to be balanced by examining its positive experiences, from which we all have much to learn. But my point is different: the international cooperative community needs to overcome its lack of self-criticism. *MCC*'s assimilation to capitalist practices is not all that recent, but was already evident in the 1980s, when all the biblical commentaries on the model community on the democratic island were being written. Why then did we not see this, or want to see this? Can we regain our lost capacity for self-criticism?